

Stock Code: 6811

ACER E-ENABLING SERVICE BUSINESS INC.

**Parent Company Only Financial Statements and
Independent Auditor's Report**

2023 and 2022

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Independent Auditors' Report

To the Board of Directors of ACER E-ENABLING SERVICE BUSINESS INC.:

Audit Opinions

We have audited the parent company only financial statements of ACER E-ENABLING SERVICE BUSINESS INC.(the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for the audit opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section. We were independent of the Company in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that sufficient and appropriate audit evidence has been obtained in order to be served as a basis for presenting our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by our accountants to be communicated on the audit report are as follows:

I. Revenue recognition

For the accounting policy for the revenue recognition, please refer to the parent company only financial statement Note 4 (14) Revenue from contracts with customers; for the description of the judgment involved in the revenue recognition timing, please refer to the parent company only financial statement Note 5.

Description of Key Audit Matters:

Sales revenue of the Company is recognized as sales revenue when the control of the product is transferred to the customer. According to the needs of individual customers, the products agreed and the trading conditions are different, resulting in different timing of fulfilling the performance obligation, which often requires individual evaluation to determine the appropriate timing of revenue recognition. Therefore, whether revenue is recognized in the appropriate period is important to our audit of the financial statements. How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over the timing of revenue recognition; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents and the accuracy of the timing of revenue recognition and the performance obligation satisfied to customers; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period.

Responsibilities of Management and Those Charged with Governance for the parent company only financial statements

The responsibility of the management is to prepare the appropriate parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management's responsibilities also include assessing the Company's ability to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting. Suspension of business, or no other practicable solution other than liquidation or suspension of business.

Those charged with governance (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- I. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Ching Wen Kao.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

ACER E-ENABLING SERVICE BUSINESS INC.

Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Assets		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(1))	\$ 2,714,019	48	2,399,258	45
1140	Contractual liabilities - current (Note 6(15) and 7)	94,209	2	75,916	1
1170	Notes and accounts receivable, net (Note 6(3) and (15))	2,147,188	38	1,937,751	36
1180	Accounts receivable - Related parties (Note 6(3), (15) and 7)	48,347	1	47,614	1
1206	Other receivable - Other	748	-	1,292	-
1210	Other receivables - Related parties (Note 7)	-	-	4,500	-
1300	Inventories (Note 6(4))	292,073	5	438,805	8
1410	Prepayments and other current assets	4,792	-	2,968	-
1476	Other financial assets - current (Note 6(1))	-	-	200,000	4
	Total current assets	5,301,376	94	5,108,104	95
Non-current assets:					
1517	Financial assets at fair value through other comprehensive income				
	- non-current (Note 6(2))	20,100	-	24,892	1
1550	Investment under equity method (Note 6(5))	55,459	1	10,785	-
1600	Property, plant and equipment (Note 6(6))	4,295	-	1,537	-
1755	Right-of-use assets (Note 6(7) and 7)	63	-	18,845	-
1780	Intangible assets (Note 6(8))	2,533	-	3,697	-
1840	Deferred income tax assets (Note 6(11))	42,502	1	40,974	1
1920	Refundable deposits	187,427	4	184,290	3
	Total non-current assets	312,379	6	285,020	5
	Total assets	\$ 5,613,755	100	5,393,124	100

(continued on next page)

(Please refer to the attached Notes to the parent company only financial statements)

ACER E-ENABLING SERVICE BUSINESS INC.

Balance Sheet (Continued)

December 31, 2023 and 2022

Unit: NTD thousand

		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities:					
2130	Contract liabilities (Note 6(15) and 7)	\$ 1,776,517	32	1,617,561	30
2170	Notes and accounts payable	1,069,357	19	1,211,887	23
2180	Accounts payable - Related parties (Note 7)	117,372	2	103,720	2
2200	Other payables (Note 6(16))	432,203	8	419,215	8
2220	Other payables - related parties (Note 7)	7,961	-	10,614	-
2230	Current income tax liabilities	73,825	1	66,337	1
2280	Lease liabilities - current (Note 6(9) and 7)	63	-	18,869	-
2399	Other current liabilities	32,385	1	19,496	-
	Total of current liabilities	3,509,683	63	3,467,699	64
Non-current liabilities:					
2580	Lease liabilities - non-current (Note 6(9) and 7)	-	-	132	-
2640	Net defined benefit liabilities (Note 6(10))	138,734	2	142,257	3
2645	Guarantee deposits received	2,846	-	2,476	-
	Total non-current liabilities	141,580	2	144,865	3
	Total liabilities	3,651,263	65	3,612,564	67
Equity (Note 6(12) and (13)):					
3110	Common stock	414,490	8	414,490	8
3200	Capital reserve	628,098	11	628,098	12
	Retained earnings:				
3310	Legal reserve	126,485	2	82,807	1
3320	Special reserve	37,867	1	52,846	1
3350	Undistributed earnings	801,947	14	640,186	12
3400	Other equity	(46,395)	(1)	(37,867)	(1)
	Total equity	1,962,492	35	1,780,560	33
	Total liabilities and equity	\$ 5,613,755	100	5,393,124	100

(Please refer to the attached Notes to the parent company only financial statements)

ACER E-ENABLING SERVICE BUSINESS INC.
Comprehensive Income Statement
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	Net revenue (Note 6(15) and 7)	\$ 7,528,830	100	7,189,523	100
5000	Cost of revenue (Notes 6(4), (6), (8), (10), (16), 7, and 12)	(6,497,917)	(86)	(6,225,556)	(87)
	Gross profit	1,030,913	14	963,967	13
5920	Unrealized gross profit from sales	(13)	-	-	-
	Realized gross profit	1,030,900	14	963,967	13
	Operating expenses (Notes 6(3), (6), (7), (8), (9), (10), (13), (16), 7 and 12)				
6100	Selling expenses	(283,056)	(4)	(303,164)	(4)
6200	General and administrative expenses	(76,952)	(1)	(80,121)	(1)
6300	Research and development expenses	(60,107)	(1)	(58,560)	(1)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(2,883)	-	(4,056)	-
	Total operating expenses	(422,998)	(6)	(445,901)	(6)
	Net operating profit	607,902	8	518,066	7
	Non-operating income and expenses (Note 6(5), (9) and (17)):				
7100	Interest income	23,984	-	6,673	-
7020	Other gains and losses	(191)	-	22,525	1
7050	Financial cost	(70)	-	(499)	-
7375	Share of profit of subsidiaries and associates accounted for using the equity method	385	-	660	-
	Total non-operating income and expenses	24,108	-	29,359	1
	Net income before tax	632,010	8	547,425	8
7950	Less: Income tax expenses (Note 6(11))	(130,682)	(1)	(110,654)	(2)
	Net income for the period	501,328	7	436,771	6
	Other comprehensive income (Note 6(11) and (12)):				
8310	Items not reclassified into profit or loss				
8311	Remeasurement of defined benefit plan	(4,706)	-	24,253	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(4,792)	-	(4,424)	-
8349	Income tax related to item that will not be reclassified to profit or loss	941	-	(4,850)	-
	Total of items not reclassified into profit or loss	(8,557)	-	14,979	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	29	-	-	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	29	-	-	-
	Other comprehensive income in the current period	(8,528)	-	14,979	-
	Total comprehensive income for the period	\$ 492,800	7	451,750	6
	Earnings per share (Unit: NTD, Note 6(14))				
9750	Basic earnings per share	\$ 12.10		11.35	
9850	Diluted earnings per share	\$ 12.00		11.16	

(Please refer to the attached Notes to the parent company only financial statements)

ACER E-ENABLING SERVICE BUSINESS INC.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Retained earnings						Other equity				
	Common stock Share capital	Capital reserve	Legal Reserves	Special Reserves	Unallocated Earnings	Total	Exchange differences from translation of foreign financial statements	Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	Re- measurement of defined benefit plan	Total	Total equity
Balance as of January 1, 2022	\$ 364,490	32,033	49,088	32,577	457,872	539,537	-	(2,454)	(50,392)	(52,846)	883,214
Net income for the period	-	-	-	-	436,771	436,771	-	-	-	-	436,771
Other comprehensive income in the current period	-	-	-	-	-	-	-	(4,424)	19,403	14,979	14,979
Total comprehensive income for the period	-	-	-	-	436,771	436,771	-	(4,424)	19,403	14,979	451,750
Appropriation approved by the stockholders:											
Legal reserve	-	-	33,719	-	(33,719)	-	-	-	-	-	-
Special reserve	-	-	-	20,269	(20,269)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(200,469)	(200,469)	-	-	-	-	(200,469)
Capital increase in cash	50,000	589,692	-	-	-	-	-	-	-	-	639,692
Compensation cost of employee share options	-	6,373	-	-	-	-	-	-	-	-	6,373
Balance as of December 31, 2022	414,490	628,098	82,807	52,846	640,186	775,839	-	(6,878)	(30,989)	(37,867)	1,780,560
Net income for the period	-	-	-	-	501,328	501,328	-	-	-	-	501,328
Other comprehensive income in the current period	-	-	-	-	-	-	29	(4,792)	(3,765)	(8,528)	(8,528)
Total comprehensive income for the period	-	-	-	-	501,328	501,328	29	(4,792)	(3,765)	(8,528)	492,800
Appropriation approved by the stockholders:											
Legal reserve	-	-	43,678	-	(43,678)	-	-	-	-	-	-
Special reserve	-	-	-	(14,979)	14,979	-	-	-	-	-	-
Cash dividends	-	-	-	-	(310,868)	(310,868)	-	-	-	-	(310,868)
Balance as of December 31, 2023	\$ 414,490	628,098	126,485	37,867	801,947	966,299	29	(11,670)	(34,754)	(46,395)	1,962,492

(Please refer to the attached Notes to the parent company only financial statements)

ACER E-ENABLING SERVICE BUSINESS INC.

Statement of Cash Flow

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Net income before tax for the period	\$ 632,010	547,425
Adjustments:		
Income and expenses		
Depreciation expense	20,402	24,019
Amortization expense	5,837	7,596
Expected credit impairment loss	2,883	4,056
Interest expense	70	499
Interest income	(23,984)	(6,673)
Dividend income	-	(1,199)
Share-based payment for remuneration	-	6,373
Gains on rent concessions	-	(3,136)
Investment interests recognized using the equity method	(385)	(660)
Gain on lease modification	-	(255)
Unrealized loss of sales	13	-
Total income and expense	<u>4,836</u>	<u>30,620</u>
Changes in assets and liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	-	191
Contract assets	(18,293)	(14,750)
Notes and accounts receivable	(212,320)	(170,409)
Accounts receivable - related parties	(733)	12,876
Other receivables - Related parties	4,500	(2,686)
Inventory	146,732	(128,348)
Prepayments and other current assets	(1,824)	(392)
Total net changes in assets related to operating activities	<u>(81,938)</u>	<u>(303,518)</u>
Net changes in liabilities related to operating activities:		
Accounts payable	(142,530)	321,520
Accounts payable - related parties	13,652	10,030
Other payables	12,988	(44,639)
Other payables - Related parties	(2,653)	811
Contract liabilities	158,956	122,987
Other current liabilities	12,889	(5,847)
Net defined benefit liability	(8,229)	6,062
Total net changes in liabilities related to operating activities	<u>45,073</u>	<u>410,924</u>
Total net changes in assets and liabilities related to operating activities	<u>(36,865)</u>	<u>107,406</u>
Total adjustment items	<u>(32,029)</u>	<u>138,026</u>
Cash inflow from operations	599,981	685,451
Interest received	24,528	5,381
Interest paid	(70)	(499)
Income tax paid	(123,781)	(133,372)
Net cash inflow from operating activities	<u>500,658</u>	<u>556,961</u>

(continued on next page)

(Please refer to the attached Notes to the parent company only financial statements)

ACER E-ENABLING SERVICE BUSINESS INC.
Cash Flow Statement (continued from previous page)
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>2023</u>	<u>2022</u>
Cash flow from investing activities:		
Acquisition of investments under equity method	(46,163)	(10,125)
Acquisition of property, plant and equipment	(4,378)	(211)
Acquisition of intangible assets	(4,673)	(5,388)
Decrease (increase) in refundable deposits	(3,137)	15,684
Decrease (increase) of other financial assets	200,000	(200,000)
Dividends received	1,890	1,199
Net cash inflows (outflows) from investing activities	<u>143,539</u>	<u>(198,841)</u>
Cash flow from financing activities:		
Lease principal repayment	(18,938)	(18,452)
Increase in guarantee deposits received	370	44
Distribution of cash dividends	(310,868)	(200,469)
Capital increase in cash	-	639,692
Net cash (outflow) inflow from financing activities	<u>(329,436)</u>	<u>420,815</u>
Increase in cash and cash equivalents in the current period	314,761	778,935
Opening balance of cash and cash equivalents	2,399,258	1,620,323
Closing balance of cash and cash equivalents	<u>\$ 2,714,019</u>	<u>2,399,258</u>

(Please refer to the attached Notes to the parent company only financial statements)

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

**ACER E-ENABLING SERVICE BUSINESS INC.
Notes to parent company only financial statements
2023 and 2022**

(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

ACER E-ENABLING SERVICE BUSINESS INC. (hereinafter referred to as the “Company”) was established on February 22, 2012 with the approval of the Ministry of Economic Affairs. The registered address is 9F., No. 6, Section 4, Xinyi Road, Daan District, Taipei City. The Company is positioned as "the cloud company that best comprehends on-premise requirements, a generator of generative AI for enterprises." Having assisted more than 2,000 corporate clients, the Company have an extensive track record of working closely with organizations in the high-tech, government, finance, and manufacturing sectors. The Company provides a range of services that adhere to global benchmarks and meet the needs of large organizations. These services include creating software information system infrastructure, developing custom software and project strategies, creating applications with added value, and providing recommendations for system maintenance and backup contingencies. Generative AI, Copilot applications, cloud applications and managed services, and data governance and optimization are among the AI-driven products and services that we integrate. These initiatives accelerate the adoption of digital and cloud technologies by enterprise users, thereby bolstering their operational resilience in the midst of uncertainty. The Company is under the ultimate parent company, ACER INCORPORATED.

II. Date and procedure for approving the financial statements

The parent company only financial statements were approved by the Board of Directors for release on March 12, 2024.

III. Application of new and revised standards and interpretations

- (I) The impact of the International Financial Reporting Standards (“IFRS”) endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) which have already been adopted.

The Company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the parent company only financial statements.

Amendments to IAS 1 “Disclosure of Accounting Policies”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Deferred Income Tax Relating to Assets and Liabilities arising from a Single Transaction”

The Company began to apply the following newly amended IFRS on May 23, 2023, and there was no significant impact on the parent company only financial statements.

Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (II) The impacts of IFRS endorsed by the FSC but not yet effective

The Company has assessed that the adoption of the following newly amended IFRSs effective on January 1, 2024 will not have a significant impact on the parent company only financial statements.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

Amendments to IAS 1 “Non-current Liabilities with Covenants”

Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

(III) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company expects the following new and amended standards that have not yet been approved by the FSC to have no significant impact on the parent company only financial statements. Amendments to IFRS No. 10 and IAS No. 28 – “Assets Sale or Contribution between an Investor and its Affiliate or Joint Venture”

Amendments to IFRS 17 “Insurance Contracts” and IFRS 17

Amendment to IAS No. 21 “Lack of Convertibility”

IV. Summary of material accounting policies

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

(II) Basis of preparation

1. Basis of measurement

The parent company only financial statements have been prepared on a historical cost

(1) basis except for the following items: Financial assets measured at fair value through other comprehensive income;

(2) Net defined benefit liabilities measured at present value of defined benefit obligation less the fair value of plan assets.

2. Functional currency and presentation currency

The Company's functional currency is the currency of the primary economic environment where it operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that day. The non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currencies using the exchange rate at the date that fair value was denominated. The non-monetary items denominated in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in the profit or loss, except for an investment in equity securities measured at fair value through other comprehensive income is recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into NTD (the presentation currency used in the parent company only financial statements) using the exchange rates of the reporting date; the income and expenses of foreign operations, excluding foreign operations in hyperinflationary, are translated into the presentation currency of the Company's parent company only financial statements using the average exchange rates for the period. All resulting exchange differences are recognized in

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

other comprehensive income.

When a foreign operation is disposed of such that control or significant influence is lost, the accumulated exchange differences related to that foreign operation are reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. Expected to be realized in the normal operating cycle, or intended to be sold or consumed;
2. Mainly held for the purpose of trading;
3. Expected to be realized within 12 months after the reporting period; or
4. Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

1. Expected to be settled in the normal operating cycle;
2. Mainly held for the purpose of trading;
3. Repayment due within 12 months after the reporting period; or
4. Liabilities without the right to unconditionally defer the settlement period to at least 12 months after the reporting period. Liabilities with terms chosen by the counterparty that may result in its settlement by issue of equity instruments do not affect its classification.

(V) Cash and cash equivalent

Cash includes cash on hand, checking deposits, demand deposits and time deposits. Cash equivalent is short-term investment with high liquidity that is readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are recognized when the Company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

The financial assets of the Company are classified into the following at the initial recognition: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through gain or loss. When financial assets are purchased or sold in accordance with trading practices, the accounting treatment of the transaction date is adopted. The Company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such financial assets are measured at amortized cost using the effective interest rate method, less impairment losses. Interest revenue, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

Debt instrument investments that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at fair value through other comprehensive income:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling it.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable choice at the time of initial recognition to present the subsequent fair value changes of the equity instrument investment not held for trading in other comprehensive income. The aforementioned selections are made on an instrument-by-instrument basis.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value, except for foreign currency exchange gains and losses of debt instrument investments, interest income and impairment loss calculated under the effective interest method, and dividend income (recovery of cost) recognized in profit or loss, and changes in the remaining carrying amount are recognized as other comprehensive income, and accumulated in equity under the unrealized gain or loss of financial assets measured at fair value through other comprehensive income. At the time of derecognition, a debt instrument investor reclassifies the accumulated interest or loss under equity to gain or loss; an equity instrument investor reclassifies the accumulated interest or loss under equity to retained earnings. Reclassified to profit or loss.

Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Financial assets that are not measured at amortized cost or at fair value through other comprehensive gains and losses (e.g., financial assets held for trading or managed at fair value with performance assessed) are measured at fair value through gains and losses, including derivative financial assets. At the time of initial recognition, our company may irreversibly designate financial assets that meet the conditions for measurement at amortized cost or at fair value through other comprehensive income, as financial assets measured at fair value through profit or loss. This designation is made to eliminate or significantly reduce any accounting mismatches.

The initial recognition is measured at fair value, and the transaction costs are recognized as gain or loss when incurred; subsequently, measured at fair value, the gain or loss (including related dividend income and interest income) generated by re-measurement is recognized as gain or loss.

(4) Impairment of financial assets

The Company recognizes the allowance for expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, and refundable deposits) and contractual assets loss.

The loss allowance for accounts receivable and contractual assets is measured at the expected credit losses throughout the duration. Other financial assets are measured at the lifetime expected credit losses, except for the following financial assets, which are measured at the expected credit losses of 12 months after the reporting date:

The credit risk of bank deposits (i.e. the risk of default during the expected duration of a financial instrument) has not increased significantly since the initial recognition.

The expected credit loss during the duration refers to the expected credit loss generated by all possible defaults during the expected duration of the financial instrument; the 12-month expected credit loss refers to the expected credit loss generated by the possible default of the financial instrument within 12 months after the reporting date (or a shorter period if the expected duration of the financial instrument is less than 12 months).

The longest period of measurement of expected credit losses is the longest contract period in which the Company is exposed to credit risk.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the Company's historical experience, credit assessment and analysis of forward-looking information.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets. The amount of accrual or reversal of allowance for loss is recognized in profit or loss.

When the Company cannot reasonably expect all or part of the recovered financial

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

assets, it will directly reduce the total book value of its financial assets. The Company analyzes the timing and amount of write-off on the basis of whether the recovery is reasonably expected. The Company expects that the written-off amount will not materially reverse. However, the written-off financial assets can still be enforced compulsorily to meet the Company's procedures for recovering overdue amounts. Based on the Company's experience, the overdue amount cannot be collected after 180 days.

(5) Derecognition of financial assets

Only when the contractual rights to the cash flows from the assets are terminated, or the financial assets are transferred with almost all the risks and rewards of the ownership of the assets transferred to other enterprises, or the financial assets have neither been transferred nor retained Financial assets are de-recognized when all risks and rewards are recognized and the Company has not retained the control over the financial asset.

If the Company enters into a financial asset transfer transaction, if all or almost all of the risks and rewards of the transferred asset ownership are retained, the asset will be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

The Company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract that represents the residual equity of the Company after deducting all liabilities from assets. The equity instruments issued by the Company are recognized at the acquisition price net of the direct issue cost.

(3) Financial liabilities

The Company's financial liabilities are classified as financial liabilities measured at amortized cost upon initial recognition, and subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any profit or loss is recognized in profit or loss at the time of derecognition.

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability at the fair value based on the amended terms is recognized. When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

calculated using the weighted-average method, and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(VIII) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to evaluate the invested company it has control over. Under the equity method, the amortization amount attributed to the owners of the parent company is the same as the profit or loss and other comprehensive income for the period in the parent company only financial statements and the consolidated financial statements prepared on the consolidated basis. The equity attributable to the owners of the parent company in the financial statements is the same.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are treated as equity transactions with owners.

(IX) Investment in associates

Affiliated enterprises are those over which the Company has significant influence on their financial and operating policies, but does not control or jointly control.

The Company's investment in associates is accounted for using the equity method. Under the equity method, investment is initially recognized at cost. Investment cost includes transaction cost. The book value of an investment in an affiliate includes the goodwill identified at the time of the initial investment, less any accumulated impairment loss.

From the date of significant influence to the date of loss of significant influence, the Company recognizes the profit or loss and other comprehensive income of each affiliated enterprise in proportion to its equity. When there is a change in equity other than profit and loss and other comprehensive income in an affiliated enterprise that does not affect the Company's shareholding ratio, the Company shall recognize all the changes in equity as capital reserve in proportion to the shareholding ratio.

The unrealized gains arising from the transactions between the Company and its affiliates are eliminated in accordance with the Company's equity in the invested company. Unrealized loss is eliminated in the same manner as unrealized gain, but only to the extent that there is no evidence of impairment.

The financial statements of affiliated companies have been appropriately adjusted to bring their accounting policies into line with the Company's accounting policies.

When the Company's share of losses from an affiliate to be recognized on a pro rata basis equals or exceeds its equity in the affiliate, the Company stops recognizing its losses. The Company only recognizes its losses when a legal obligation, constructive obligation, or payment on behalf of the investee is made. additional loss and related liabilities are recognized.

When the affiliated enterprise issues new shares, if the Company fails to subscribe in proportion to their shareholding, resulting in a change in the shareholding ratio and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease is to adjust the capital reserve and the investment under the equity method; If the adjustment is written against capital reserve, but the balance of capital reserve arising from investments under the equity method is insufficient, the difference is debited to retained earnings. However, if the Company fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an affiliated enterprise, the amount related to the affiliated enterprise previously recognized in other

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

comprehensive income is reclassified proportionally to the decrease, and its accounting treatment The basis is the same as that which the affiliated enterprise must observe if it directly disposes the relevant assets or liabilities.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

The gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenses are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component. The estimated durability for the current and comparative periods is: transportation equipment, 6 years; office equipment, 1 to 4 years; other equipment, 1 to 5 years.

The depreciation method, useful life and residual value are reviewed at each reporting date, and the effect of any estimate change will be deferred.

(XI) Lease (lessee)

The Company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease commencement date, and added up the initial direct cost and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated using the straight-line method from the lease start date to the end of their useful lives or the expiration of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use assets are impaired and handles any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease starting date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate; if it is not easy to determine, the consolidated Company's incremental borrowing rate is used. Generally, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

1. Fixed payments, including substantive fixed payments;
2. For the variable lease payment depending on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;
3. The residual guarantee amount expected to be paid; and
4. The exercise price or penalty when the purchase option or lease termination option is reasonably determined to be exercised.

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Subsequent interest on lease liabilities is accrued using the effective interest method, and the amount is re-measured when:

1. Changes in the index or rate used to determine lease payments result in changes in future lease payments;
2. There is a change in the residual guarantee amount expected to be paid;
3. There is a change in the evaluation of the underlying asset purchase option;
4. There is a change in the estimate of whether to extend or terminate the option, and the evaluation on the lease period is changed;
5. There are any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

If the agreement includes lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Group has elected not to separate non-lease components and account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company adopts practical expediency for rent reductions that meet all of the following conditions and does not assess whether it is a lease modification:

1. Rent reduction as a direct result of the COVID-19 pandemic;
2. The consideration for the lease modification is almost the same as or smaller than the consideration for the lease before the change as a result of the change in lease payment;
3. Any reduction in lease payments only affects the payments originally due before June 30, 2022; and
4. There is no substantive change in other terms and conditions of the lease.

Under the practical expediency, when rent reduction results in changes in lease payments, the change is recognized in profit or loss when the event or circumstance activating the rent reduction occurs.

(XII) Intangible assets

The Company's purchased software system is measured at cost less accumulated amortization and accumulated impairment. The amortization amount is accrued using the straight-line method over its useful life (1 to 3 years), and the amortization amount is recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

assets on each reporting date, and makes appropriate adjustments if necessary.

(XIII) Impairment of non-financial assets

The Company assesses whether there is any indication that the book value of non-financial assets (except inventories, contract assets and deferred income tax assets) may be impaired at each reporting date. If any sign exists, the recoverable amount of the asset shall be estimated. Goodwill is tested for impairment annually or when there is indication of impairment.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset groups is recognized as the smallest identifiable asset group. The goodwill acquired in a business merger is amortized to each cash-generating unit or cash-generating unit group that is expected to benefit from the synergy of the merger.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows are converted to the present value using a discount rate that reflects the current market's assessment of the time value of money and the risks specific to the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, it is recognized as impairment loss. The impairment loss is immediately recognized in profit or loss, and the book value of the amortized goodwill of the cash-generating unit is reduced first, and then the book value of each asset is reduced in proportion to the book value of other assets in the unit.

The impairment loss of goodwill shall not be reversed. The non-financial assets other than goodwill are only reversed within the book value (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

(XIV) Revenue from customer contracts

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1. Sale of products

The Company recognizes the revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the right to use the product, the risk of obsolescence and loss of the product has been transferred to the customer, and there is no outstanding obligation that will affect the customer's acceptance of the product. The Company recognizes revenue and accounts receivable at that time. The advance payment according to the sales contract is recognized as a contract liability before the product is delivered.

2. Revenue from service rendered

The Company provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

Estimates of revenues, costs, or extent of progress toward completion, are revised if

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Group exceeds the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3. Financial components

The Company expects all customers contract to transfer goods or services to the customer and the time when the customer pays for the goods or services is no more than one year. Therefore, the Company does not adjust the time value of money of the transaction price.

(XV) Employee benefits

1. Definite contribution plan

The appropriation obligation of the defined contribution plan is expensed during the year in which employees render services

2. Defined benefit plan

The net obligation under the defined benefit pension plan is the discount value of the future benefit amount earned by the employees in the current period or in the past less the fair value of any plan assets for each benefit plan. The discount rate is based on the market yield rate of government bonds with the maturity date close to the net obligation period and denominated in the same currency as the expected benefit payment. The net obligation of the defined benefit plan is calculated annually by a qualified actuary using the projected unit benefit method.

When the benefits under the plan are improved, the related expenses are recognized in profit or loss immediately due to the employees' past services.

The re-measurement of net defined benefit liabilities (assets) includes (1) actuarial gains and losses; (2) the return on plan assets, but does not include the amount of net interest included in net defined benefit liabilities (assets); and (3) the impact of asset ceilings, but does not include the amount of net interest on net defined benefit liabilities (assets). The re-measurement of net defined benefit liabilities (assets) is recognized in other comprehensive income and transferred to other equity in the current period.

When the curtailment or settlement occurs, the Company shall recognize the curtailment or settlement gain or loss of the defined benefit plan. Curtailment or settlement gains and losses include any changes in the fair value of any plan assets and changes in the present value of defined benefit obligations.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered. For the short-term cash bonus or the amount expected to be paid under the bonus plan, if the Company has a present legal or constructive obligation to pay for the services rendered by employees in the past, and the obligation can be estimated reliably, the amount is recognized as a liability.

(XVI) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(XVII) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The interest or penalty related to income tax determined by the Company (including the uncertain tax treatment) does not meet the definition of income tax, and therefore the accounting treatment of IAS 37 is applied.

The Company judges that it has the lowest tax burden in the world- The supplementary tax payable under pillar 2 falls within the scope of IAS 12 "Income Taxes," and the temporary and mandatory exemption of the accounting treatment of deferred tax related to supplementary tax has been applicable. The actually incurred supplementary tax is recognized as applicable and periodical income tax.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable from prior years. The amount reflects the uncertainty (if any) related to income tax, and is the best estimate of the expected payment or receipt at the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized on temporary differences between the carrying amount of assets and liabilities and their tax bases at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss) and (ii) does not generate equivalent taxable and deductible Temporary difference
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures, of which the Company can control the timing of temporary differences reversal and is very likely not to be reversed in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Unused tax losses and unused tax credits carried forward and deductible temporary differences are recognized as deferred tax assets to the extent that it is probable that future taxable income will be available for use, and The Company shall reevaluate it on each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range that it is very likely that there will be sufficient taxable income.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, using the statutory tax rate or substantive tax rate on the reporting date, and has reflected income tax-related uncertainty (if any).

The Company will offset the deferred income tax assets and deferred income tax liabilities when the following conditions are met at the same time:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:

- (1) The same taxpayer; or
- (2) Different taxable entities, but each entity intends to settle the current income tax liabilities and assets on a net basis, or realize both Assets and settlement of liabilities.

(XVIII) Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. Basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of outstanding common stock shares during the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively. The Company's potential diluted common stock is the employee's remuneration that may be issued in the form of stock.

(XIX) Operating segments

The Company has disclosed the operating segments information in the consolidated financial statements; therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

V. Critical accounting judgment, estimates, and assumptions uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

Revenue recognition:

Revenue from sale of goods and services are recognized when the control of the goods or services is transferred to the customer to satisfy the performance obligation, and the conditions are as described in Note 4(14).

Information about assumptions and estimation uncertainties that there is no significant risk that would cause a significant adjustment to the book value of assets and liabilities within the next financial year.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	<u>2023.12.31</u>	<u>2022.12.31</u>
Demand deposits and checking deposits	\$ 1,814,019	1,249,258
Time deposits with original maturity date of less than three months	900,000	1,150,000
	<u>\$ 2,714,019</u>	<u>2,399,258</u>

On December 31, 2023 and 2022, time deposits with original maturities over three months were NTD 0 and NTD 200,000 thousand, respectively, and were reported under other financial assets -

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

current.

(II) Financial assets measured at fair value through other comprehensive income - non-current

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:		
Listed (OTC) company stocks	\$ 19,081	23,909
Unlisted (OTC) company stock	1,019	983
	\$ 20,100	24,892

The above equity instrument investments held by the Company are not held for trading purposes, and have been designated as financial assets at fair value through other comprehensive income.

(III) Notes and accounts receivable - measured at amortized cost

	2023.12.31	2022.12.31
Notes receivable	\$ 9,916	17,505
Accounts receivable	2,147,833	1,927,924
Less: Loss allowance	(10,561)	(7,678)
	2,147,188	1,937,751
Accounts receivable - related parties	48,347	47,614
	\$ 2,195,535	1,985,365

In addition to estimating 100% credit loss for individual accounts receivable with possible default, the Company estimates the expected credit loss of all notes and accounts receivable in a simplified manner, that is, using the expected credit loss throughout the duration. Forward-looking information has been included. Expected credit losses of notes and accounts receivable of the Company are analyzed as follows:

	2023.12.31		
	Notes and	Weighted	Allowance for
	Receivables	average	expected credit
	Book value	expectation	losses during
		Credit loss rate	the duration
Not past due	\$ 1,942,844	0.06%	1,094
Overdue 1 to 30 days	105,295	0.47%	497
Overdue 31 to 60 days	74,508	2.20%	1,642
Overdue 61 to 90 days	10,085	5.05%	509
Overdue 91 to 180 days	20,073	15.26%	3,063
Overdue for more than 181 days	4,944	75.97%	3,756
	2,157,749		10,561
Individual assessor	-	100.00%	-
	\$ 2,157,749		10,561

	2022.12.31		
	Notes and	Weighted	Allowance for

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

	<u>Receivables Book value</u>	<u>average expectation Credit loss rate</u>	<u>expected credit losses during the duration</u>
Not past due	\$ 1,758,495	0.05%	817
Overdue 1 to 30 days	93,885	0.37%	349
Overdue 31 to 60 days	25,967	1.98%	515
Overdue 61 to 90 days	31,300	4.53%	1,417
Overdue 91 to 180 days	34,144	8.62%	2,942
Overdue for more than 181 days	<u>1,638</u>	100.00%	<u>1,638</u>
	1,945,429		7,678
Individual assessor	<u>-</u>	100.00%	<u>-</u>
	<u>\$ 1,945,429</u>		<u>7,678</u>

The Company's accounts receivable - related parties as of December 31, 2023 and 2022 had no expected credit loss and is analyzed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Not past due	\$ 31,411	36,594
Overdue 1 to 30 days	15,960	11,020
Overdue 31 to 60 days	25	-
Overdue 61 to 90 days	<u>951</u>	<u>-</u>
	<u>\$ 48,347</u>	<u>47,614</u>

The changes in the allowance for notes and accounts receivable of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 7,678	3,622
Recognized impairment loss	<u>2,883</u>	<u>4,056</u>
Closing balance	<u>\$ 10,561</u>	<u>7,678</u>

(IV) Inventory

	<u>2023.12.31</u>	<u>2022.12.31</u>
Merchandise inventory	<u>\$ 292,073</u>	<u>438,805</u>

The inventory related expenses recognized in the current period recognized in the cost of goods sold are as follows:

	<u>2023</u>	<u>2022</u>
Cost of sold inventories	\$ 6,228,833	5,940,114
Inventory valuation losses (reversal gains)	<u>(1,641)</u>	<u>3,530</u>
	<u>\$ 6,227,192</u>	<u>5,943,644</u>

The inventory valuation losses are recognized as inventory write-downs to net realizable value at the end of the period.

The gain on reversal of inventory valuation losses was due to the fact that the inventories for which an allowance for valuation losses had been provided at the beginning of the period was sold,

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

resulting in a decrease in the amount of allowance for valuation losses recognized to be recognized.

(V) Investment under equity method

The Company's investment under equity method on the reporting date is as follows:

	2023.12.31	2022.12.31
Subsidiary	\$ 45,721	-
Affiliated enterprise	9,738	10,785
	\$ 55,459	10,785

1. Subsidiaries

Please refer to the 2023 consolidated financial statements for the Company's information.

2. Affiliated enterprises

The Company acquired 20% of the shares of Asset Storage Co., Ltd. for NTD 10,125 thousand on October 20, 2022, and has significant influence over the company as a director. The financial information is summarized as follows Amounts included in the Company's financial statements:

	2023	2022
Share attributable to the Company:		
Net income for the period	\$ 843	660
Other comprehensive income	-	-
Total comprehensive income	\$ 843	660

The Company acquired 20% of the shares of Asset Storage Co., Ltd. for NTD 10,125 thousand on October 20, 2022, and has significant influence over it as a director.

(VI) Property, plant and equipment

Changes in the cost and accumulated depreciation of the Company's property, plant and equipment are as follows:

	Transportation equipment	Office equipment	Other equipment	Total
Cost:				
Balance on January 1, 2023	\$ 1,694	8,595	4,983	15,272
Addition	-	4,378	-	4,378
Disposition	(1,036)	(795)	-	(1,831)
Balance as of December 31, 2023	\$ 658	12,178	4,983	17,819
Balance as of January 1, 2022	\$ 1,694	8,384	4,983	15,061
Addition	-	211	-	211
Balance as of December 31, 2022	\$ 1,694	8,595	4,983	15,272
Accumulated depreciation:				
Balance on January 1, 2023	\$ 1,547	8,305	3,883	13,735
Current depreciation	110	752	758	1,620
Disposition	(1,036)	(795)	-	(1,831)
Balance as of December 31, 2023	\$ 621	8,262	4,641	13,524

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

2023

Balance as of January 1, 2022	\$ 1,438	7,604	2,500	11,542
Current depreciation	<u>109</u>	<u>701</u>	<u>1,383</u>	<u>2,193</u>
Balance as of December 31,				
2022	<u>1,547</u>	<u>8,305</u>	<u>3,883</u>	<u>13,735</u>
Book value:				
December 31, 2023	<u>\$ 37</u>	<u>3,916</u>	<u>342</u>	<u>4,295</u>
December 31, 2022	<u>\$ 147</u>	<u>290</u>	<u>1,100</u>	<u>1,537</u>

(VII) Right-of-use assets

	Buildings and structures
Cost of right-of-use assets:	
Balance on January 1, 2023 (the balance on December 31, 2023)	\$ 47,991
Balance as of January 1, 2022	\$ 36,121
Addition	28,294
Decrease	<u>(16,424)</u>
Balance as of December 31, 2022	\$ 47,991
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2023	\$ 29,146
Depreciation	<u>18,782</u>
Balance as of December 31, 2023	\$ 47,928
Balance as of January 1, 2022	\$ 23,744
Depreciation	21,826
Decrease	<u>(16,424)</u>
Balance as of December 31, 2022	\$ 29,146
Book value:	
December 31, 2023	\$ 63
December 31, 2022	\$ 18,845

(VIII) Intangible assets

Changes in the cost and accumulated amortization of the Company's intangible assets are as follows:

	Computer software
Cost:	
Balance on January 1, 2023	\$ 22,243
Addition	4,673
Written off	<u>(2,603)</u>
Balance as of December 31, 2023	\$ 24,313
Balance as of January 1, 2022	\$ 16,855
Addition	<u>5,388</u>
Balance as of December 31, 2022	\$ 22,243

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Accumulated depreciation:

Balance on January 1, 2023	\$ 18,546
Amortization	5,837
Written off	<u>(2,603)</u>
Balance as of December 31, 2023	<u>\$ 21,780</u>
Balance as of January 1, 2022	\$ 10,950
Amortization	<u>7,596</u>
Balance as of December 31, 2022	<u>\$ 18,546</u>

Book value:

December 31, 2023	<u>\$ 2,533</u>
December 31, 2022	<u>\$ 3,697</u>

	<u>2023</u>	<u>2022</u>
Operating cost	\$ 33	80
Operating expenses	<u>5,804</u>	<u>7,516</u>
	<u>\$ 5,837</u>	<u>7,596</u>

(IX) Lease liabilities

1. The book value of lease liabilities of the Company is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Liquidity	\$ 63	18,869
Non-current	<u>\$ -</u>	<u>132</u>

Please refer to Note 6(19) Financial Risk Management for maturity analysis.

2. The amounts recognized in profit and loss are as follows:

	<u>2023</u>	<u>2022</u>
Interest expense of lease liabilities	\$ 70	132
Expenses of low-value lease assets	<u>\$ 439</u>	<u>418</u>
Expenses of short-term leases	<u>\$ 3,468</u>	<u>-</u>
COVID-19 related rent reduction (recognized as other income)	<u>\$ -</u>	<u>3,136</u>

3. The amounts recognized in the statement of cash flows are as follows:

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 22,915</u>	<u>19,002</u>

4. Important lease terms:

The lease period for the Company's buildings and structures is 1 to 5 years. In addition, the lease period for some of the offices leased by the Company is less than one year, and the leases are short-term leases; in addition, some of the offices and miscellaneous equipment leased are leases with low-value subjects; therefore, these leases are exempted from recognition under the exemption from recognition regulations. List related right-of-use assets and lease liabilities.

(X) Employee benefits

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

1. Defined benefit plan

	2023.12.31	2022.12.31
Present value of defined benefit obligation	\$ 138,768	142,275
Fair value of plan assets	(34)	(18)
Net defined benefit liability	<u>\$ 138,734</u>	<u>142,257</u>

The retirement payment of each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to retirement.

(1) Changes in the present value of definite benefit obligations

	2023	2022
Defined benefit obligation as of January 1	\$ 142,275	160,448
Current service cost	627	579
Interest cost	2,463	1,001
Re-measurement of net defined benefit liabilities (assets)		
- Actuarial gains and losses due to changes in financial assumptions	1,833	(19,547)
- Actuarial gains and losses due to experience adjustments	2,874	(4,706)
Effect of employee transfer	-	4,500
Benefits paid by the Company	(11,304)	-
Defined benefit obligation as of December 31	<u>\$ 138,768</u>	<u>142,275</u>

(2) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets are as follows:

	2023	2022
Fair value of the plan assets on January 1	\$ 18	-
Re-measurement of net defined benefit liabilities		
- Return on plan assets (excluding interest for the current period)	1	-
Employer's contribution	15	18
Fair value of the plan assets on December 31	<u>\$ 34</u>	<u>18</u>

(3) Expenses recognized as loss (gain)

	2023	2022
Current service cost	\$ 627	579
Net interest of net defined benefit liability	2,463	1,001
	<u>\$ 3,090</u>	<u>1,580</u>

(4) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the Company at the end of the financial reporting date are as follows:

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.750%	1.750%
Future salary growth	4.000%	4.000%

The Company expects to pay NTD 18 thousand to the defined benefit plan within one year after December 31, 2023. The weighted average duration of the Company's defined benefit plan is 12.16 years.

(5) Sensitivity analysis

The impact of changes in the main actuarial assumptions adopted on the present value of defined benefit obligation is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate	(3,640)	3,752
Future salary	3,595	(3,505)
December 31, 2022		
Discount rate	(3,944)	4,076
Future salary	3,903	(3,792)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet. The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Definite contribution plan

The Company's defined contribution plan is based on the Labor Pension Act. The contribution rate of 6% of the monthly salary is appropriated to the labor pension account of the Bureau of Labor Insurance. Under this plan, the Company A fixed amount is appropriated as required, i.e. there is no legal or constructive obligation to make additional payments.

The Company's pension expenses under the 2023 and 2022 defined contribution plan were NTD 15,208 thousand and NTD 14,605 thousand, respectively.

(XI) Income tax

1. The details of the Company's income tax expenses are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Occurred in the current period	132,442	113,045
Adjustment of the current income tax of the previous period	\$ (1,173)	81
	<u>131,269</u>	<u>113,126</u>

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Deferred income tax gains

Occurrence and reversal of temporary difference	(587)	(2,472)
	130,682	110,654

The breakdown of income tax benefits (expenses) recognized in other comprehensive income is as follows:

	2023	2022
Re-measurement of defined benefit plan	\$ 941	(4,850)

The Company recognized no income tax expense recognized in equity in 2023 and 2022.

2. The relationship between income tax expenses and net income before tax is adjusted as follows:

	2023	2022
Net income before tax	\$ 632,010	547,425
Income tax calculated based on the local tax rate of the Company	\$ 126,402	109,485
Imposition of 5% tax on undistributed earnings	4,860	1,467
Previous period income tax adjustment	(1,173)	81
Others	593	(379)
	\$ 130,682	110,654

3. Deferred income tax assets and liabilities

Recognized deferred income tax assets:

	Allowance for inventories Loss on valuation fall	Definite benefit liabilities	Unpaid payable vacation bonus	Others	Total
January 1, 2023	\$ 1,749	28,808	3,781	6,636	40,974
Recognized in (losses) profit	(328)	(749)	94	1,570	587
Recognized in other comprehensive income (loss)	-	941	-	-	941
December 31, 2023	\$ 1,421	29,000	3,875	8,206	42,502
January 1, 2022	\$ 1,043	32,976	3,550	5,783	43,352
Recognized in (losses) profit	706	682	231	853	2,472
Recognized in other comprehensive income (loss)	-	(4,850)	-	-	(4,850)
December 31, 2022	\$ 1,749	28,808	3,781	6,636	40,974

4. Status of income tax assessments

The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2021.

(XII) Capital and other equity

1. Common stock capital

The Company's authorized capital amounted to NTD 600,000 thousand at NTD 10 par value per share on December 31, 2023 and 2022, respectively. The Company had 41,449 thousand issued shares, all of which were common shares.

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

The adjustment table for the outstanding common shares of the Company is as follows (expressed in thousand shares):

	2023	2022
Opening balance	41,449	36,449
Capital increase in cash	-	5,000
Closing balance	41,449	41,449

On June 10, 2022, the Company's board of directors resolved to conduct a cash capital increase by issuing new shares as part of the initial public offering on the over-the-counter market. 5,000 thousand ordinary shares were issued, which included 3,400 thousand shares through competitive auction, 850 thousand shares through public subscription, and 750 thousand shares for employee subscription. The weighted average price of the shares sold through the competitive auction was NTD 136.38 per share, while the price for shares available through public subscription and employee subscription was set at NTD 110 per share. The base date for the capital increase was August 5, 2022. The aforementioned employee subscription of 750 thousand shares, which represents 15% of the reserved shares for the capital increase as stipulated in the Company's Articles of Association, was offered for subscription by the company's employees. In cases where employees waive their right to subscribe or if there is an undersubscription, the chairman is authorized to negotiate subscriptions with specific individuals to cover the remaining shares.

2. Capital reserve

The balance of the Company's capital reserves is as follows:

	2023.12.31	2022.12.31
Issued stock premium	\$ 621,725	621,725
Employee share warrants	6,373	6,373
	\$ 628,098	628,098

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve based on the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings and dividend policy

(1) Earnings distribution

Pursuant to the Company's Articles of Incorporation, if there is a profit in the final accounting, the tax should be paid first, the past losses should be covered, and then 10% of the legal reserve should be appropriated. However, when the legal reserve amounts to the total paid-in capital, no this limit. For the appropriation or reversal of the special reserve in accordance with the laws or regulations or the requirements of the competent authority, the remaining retained earnings together with the undistributed earnings of the previous year may be submitted to the shareholders' meeting for a resolution on the distribution of an earnings appropriation.

(2) Legal reserve

Pursuant to the Company Act, when the Company has no losses, the Company may, upon

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

resolution of the shareholders' meeting, distribute new shares or cash out of the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(3) Special reserves

According to the regulations of the FSC, when the Company distributes the distributable earnings, for the net amount debited to other shareholders' equity in the current period, the same amount of special reserve is appropriated from the current profit or loss and the undistributed earnings of the previous period; For the accumulated deduction of other shareholders' equity, special reserve of the same amount shall be set aside from undistributed earnings in the previous period and shall not be distributed. If the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

(4) Dividend policy

The Company's dividend policy is based on the current and future development plans, the investment environment, capital needs, domestic and international competition, and the interests of shareholders. Each year, no less than 10% of the distributable earnings is appropriated. Shareholders' bonus may be distributed in the form of shares or cash. In order to achieve a balanced and stable dividend policy, the cash dividends of the Company when dividends are distributed shall not be less than 10% of the total dividends, except for the resolution of the board of directors not to distribute the dividends and the approval of the shareholders' meeting.

When the Company has no earnings, it shall not distribute dividends and bonuses. However, based on the Company's financial, business, and operational considerations, all or part of the legal reserve and capital reserve may be distributed according to laws or regulations or as required by the competent authorities.

The Company's shareholders' meetings held on June 9, 2023 and June 14, 2022 respectively resolved the amount of dividends to be distributed from the earnings for 2022 and 2021 as follows:

	2022		2021	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 7.50	<u>310,868</u>	5.50	<u>200,469</u>

On March 12, 2024, the Company's board of directors proposed a profit distribution plan for 2023. The plan includes setting aside NTD 50,133 thousand for the legal reserve and NTD 8,528 thousand for the special reserve. Additionally, a cash dividend of NTD 8.5 per share is proposed, totaling NTD 352,316 thousand.

4. Other equity (net amount after tax)

Unrealized profit/loss from the financial assets measured at fair value through other	Exchange differences on translation of financial statements of foreign	Re-measurement of defined benefit plan	Total

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

	comprehensive income	operations		
January 1, 2023	\$ (6,878)	-	(30,989)	(37,867)
Changes in fair value of financial assets measured at fair value through other comprehensive income	(4,792)	-	-	(4,792)
Exchange differences arising from the translation of the net assets of foreign operations	-	29	-	29
Re-measurement of defined benefit plan	-	-	(3,765)	(3,765)
Balance as of December 31, 2023	\$ (11,670)	29	(34,754)	(46,395)
January 1, 2022	\$ (2,454)	-	(50,392)	(52,846)
Changes in fair value of financial assets measured at fair value through other comprehensive income	(4,424)	-	-	(4,424)
Re-measurement of defined benefit plan	-	-	19,403	19,403
Balance as of December 31, 2022	\$ (6,878)	-	(30,989)	(37,867)

(XIII) Share-based payment

The equity-settled share-based payment transactions of the Company are as follows:

1. The Company's cash capital increase is reserved for employee stock subscription:

The Company's board of directors resolved to issue capital stock on June 10, 2022, of which 750 thousand shares were reserved for employees to subscribe for. The Company used the Black-Scholes valuation model to estimate the fair value of the employee stock warrants on the grant date. The input value of the mode is as follows:

	2022 cash capital increase reserved for employee stock subscription
Fair value of underlying shares on grant date (NTD per share)	120.13
Exercise price (NTD per share)	110
Expected volatility (%)	24.17%
Duration of option (days)	1
Risk-free interest rate (%)	0.65%

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

The expected volatility is based on the duration of the option, and the average stock price volatility of the comparable companies in the history is calculated; the duration is in accordance with the Regulations Governing the Issuance of the Option; the risk-free interest rate is based on the government bond yield. The fair value is determined without considering the service and non-market performance conditions included in the transaction.

2. The remuneration cost recognized by the Company for the above share-based payment in 2022 was NTD 6,373 thousand.

(XIV) Earnings per share

1. Basic earnings per share

	2023	2022
Net profit attributable to the Company's common stock shareholders	\$ 501,328	436,771
Weighted average number of outstanding common stock (shares in thousands)	41,449	38,476
Basic earnings per share (NTD)	\$ 12.10	11.35

2. Diluted earnings per share

	2023	2022
Net profit attributable to the Company's common stock equity holders	\$ 501,328	436,771
Weighted average number of outstanding common stock (basic) (shares in thousands)	41,449	38,476
Effect of potential dilutive ordinary shares (shares in thousands):		
The effect of employees' remuneration	332	671
Weighted average number of common shares outstanding (diluted) (thousand shares)	41,781	39,147
Diluted earnings per share (NTD)	\$ 12.00	11.16

(XV) Revenue from customer contracts

1. Breakdown of revenue

	2023	2022
Main product/service lines:		
Cloud services and a large number of software services	\$ 4,702,186	4,541,887
Application development and other software services	1,780,601	1,649,589
Value-added products	1,046,043	998,047
	\$ 7,528,830	7,189,523

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable	\$ 2,206,096	1,993,043	1,835,510

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

(including related party)			
Less: Loss allowance	(10,561)	(7,678)	(3,622)
	<u>\$ 2,195,535</u>	<u>1,985,365</u>	<u>1,831,888</u>
Contract assets	<u>\$ 94,209</u>	<u>75,916</u>	<u>61,166</u>
Contract liabilities	<u>\$ 1,776,517</u>	<u>1,617,561</u>	<u>1,494,574</u>

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and the impairment thereof.

Changes in contract assets and contract liabilities are mainly due to the difference between the time when the Company transfers goods or services to customers to meet performance obligations and when the customer makes payment.

(XVI) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company makes a profit in the year, after the amount of the profit is retained to offset the accumulated losses, no less than 2% of the balance shall be set aside as employee's remuneration, and no more than 50% of the total profit may be set aside no more than 0.8% as remuneration to directors. The employee compensation in the preceding paragraph may be paid in cash or shares, and the recipients of the remuneration include the employees of the controlling or subordinate companies who meet certain criteria.

The Company's 2023 and 2022 employees' remuneration is NTD 78,000 thousand and NTD 71,000 thousand, respectively; the estimated amount of directors' remuneration is NTD 800 thousand and NTD 700 thousand, respectively, and is based on the pre-tax. The estimate is based on the amount before deducting the remuneration of employees and remuneration of directors and multiplied by the percentage of the remuneration of employees and directors proposed to be distributed by the Company, and is reported as operating expenses for each period. If there is a discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year.

There is no discrepancy between the estimated amount of the aforementioned employees' and directors' remuneration and the amount resolved by the Company's board of directors, and all are paid in cash. Relevant information is available on the Market Observation Post System.

(XVII) Non-operating income and expenses

1. Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ 23,983	6,672
Other interest income	<u>1</u>	<u>1</u>
	<u>\$ 23,984</u>	<u>6,673</u>

2. Other gains and losses

	<u>2023</u>	<u>2022</u>
Gain on lease modification	\$ -	255
COVID-19 related rent reductions	-	3,136
Net foreign currency exchange gain (loss)	(1,350)	17,860
Government grant income	647	-
Dividend income	-	1,199

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Others	512	75
	\$ (191)	22,525
3. Financial costs		
	2023	2022
Interest expense of lease liabilities	\$ 70	132
Other financial expenses	-	367
	\$ 70	499
(XVIII) Fair value of financial instruments		
1. Types of financial instruments		
(1) Financial assets		
	2023.12.31	2022.12.31
Financial assets measured at fair value through other comprehensive income	20,100	24,892
Financial assets measured at amortized cost:		
Cash and cash equivalents	2,714,019	2,399,258
Notes and accounts receivable (including related party)	2,195,535	1,985,365
Other receivables (including related parties)	748	5,792
Other financial assets - current	-	200,000
Refundable deposits	187,427	184,290
	\$ 5,117,829	4,799,597
(2) Financial liabilities		
	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost:		
Notes and accounts payable (including related parties)	\$ 1,186,729	1,315,607
Other payables (including related parties)	440,164	429,829
Lease liabilities (including current and non-current)	63	19,001
Guarantee deposits received	2,846	2,476
	\$ 1,629,802	1,766,913
2. Fair value information		
(1) Financial instruments not measured at fair value		
The Company's management believes that the carrying amount of financial assets and financial liabilities measured at amortized cost in the financial report is close to their fair value.		
(2) Financial instruments measured at fair value		
The following financial instruments are measured at fair value on a repetitive basis. The following table provides relevant analysis of financial instruments measured at fair value after initial recognition, and is divided into Levels 1 to 3 based on the observability of the fair value.		

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

The fair value hierarchy is defined as follows:

- A. Level 1: The open quotation (unadjusted) of the same assets or liabilities in an active market.
- B. Level 2: In addition to the open quotation included in Level 1, the input parameter of the asset or liability can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).
- C. Level 3: The input parameters of the asset or liability are not based on observable market data (non-observable parameters).

2023.12.31				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:				
Stocks of domestic (OTC) companies	\$ 19,081	-	-	19,081
Unlisted (OTC) company stock	-	-	1,019	1,019
	\$ 19,081	-	1,019	20,100

2022.12.31				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:				
Stocks of domestic (OTC) companies	\$ 23,909	-	-	23,909
Unlisted (OTC) company stock	-	-	983	983
	\$ 23,909	-	983	24,892

There was no transfer between fair values in 2023 and 2022.

(3) Details of changes in level 3:

	Financial assets measured at fair value through other comprehensive income	
	2023	2022
Opening balance	\$ 983	778
Total loss of profit:		
Recognized in other comprehensive income	36	205
Closing balance	\$ 1,019	983

The total profit or loss referred to above is reported in “Unrealized gain or loss on financial assets measured at fair value through other comprehensive income.” The assets still held as of December 31, 2023 and 2022 are as follows:

	2023	2022
Total profit or loss		
Recognized in other comprehensive income (series	\$ 36	205

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

reported under “Unrealized gain or loss on financial assets measured at fair value through other comprehensive income”)

- (4) Valuation techniques and inputs applied to financial instruments measured at fair value
- A. For financial assets with standard terms and conditions that are traded in active markets, the fair value is determined by reference to market quotes, such as stocks of TWSE/TPEX listed companies.
 - B. The fair value of the stocks of Level 3 unlisted companies is estimated by the market method, and the determination is based on recent fund-raising activities, the evaluation of companies of the same type, market conditions and other economic indicators. In addition, the significant unobservable input is mainly the liquidity discount. However, as the possible change of the liquidity discount will not result in significant potential financial impact, it is not intended to disclose its quantitative information.

(XIX) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk and other price risk) due to its business activities. The Company's risk exposure information, the Company's policies and procedures for measuring and managing such risks, and the quantitative disclosure are disclosed in this note.

1. Credit risk

(1) Amount of maximum credit risk exposure

Credit risk is the risk of financial loss incurred by the Company due to the counterparty's failure to perform its contractual obligations, which mainly comes from financial assets such as cash and cash equivalents, accounts receivable from customers, and other receivables. The book value of the Company's financial assets and contract assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

The Company's cash is deposited in different financial institutions, and the credit risk exposed to each financial institution is controlled. As of December 31, 2023 and 2022, 29% and 27% of the balance of accounts receivable, respectively, were mainly attributed to the five companies. The Company has established a credit policy, and analyzes the credit status of each customer individually to determine the credit limit in accordance with the policy. It also regularly evaluates customers' financial status and uses insurance to reduce credit risks.

(3) Credit risk of receivables

For credit risk exposure information on notes receivable and accounts receivable, please refer to Note 6(3). Other financial assets measured at amortized cost include other receivables. Other receivables are financial assets with low credit risk. Therefore, the allowance loss for the period is measured by the 12-month expected credit loss amount (for details on how the Company determines the low credit risk, please refer to Note 4(6) to the parent company only financial statements). The other receivables as of December 31, 2023 and 2022 were assessed to have no expected credit losses.

2. Liquidity risk

Liquidity risk is the risk that the Company may not be able to deliver cash or other financial

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

assets to settle financial liabilities and fail to fulfill related obligations. The Company regularly monitors current and expected mid- and long-term funding requirements, and manages liquidity risk by maintaining sufficient cash and cash equivalents and bank financing facilities.

The following table shows the maturity analysis of financial liabilities with agreed repayment periods, which is based on the earliest date on which the Company may be required to repay and is compiled based on the undiscounted cash flows.

	Contract Cash flow	Within 1 year	1-2 years	2-5 years
December 31, 2023				
Non-derivative financial liabilities:				
Accounts payable (including related parties)	\$ 1,186,729	1,186,729	-	-
Other payables (including related parties)	440,164	440,164	-	-
Lease liabilities (including current and non-current)	63	63	-	-
Guarantee deposits received	2,846	2,070	154	622
	\$ 1,629,802	1,629,026	154	622
December 31, 2022				
Non-derivative financial liabilities:				
Accounts payable (including related parties)	\$ 1,315,607	1,315,607	-	-
Other payables (including related parties)	429,829	429,829	-	-
Lease liabilities (including current and non-current)	19,001	18,869	132	-
Guarantee deposits received	2,476	1,470	230	776
	\$ 1,766,913	1,765,775	362	776

The Company does not expect the cash flow analysis on the maturity date will be significantly early or the actual amount will be significantly different.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and equity instrument price changes, will affect the Company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

Exchange rate risk

The Company is exposed to exchange rate risk arising from sales and purchases that are not denominated in the functional currency.

A. Exchange rate risk exposure

The book values of monetary assets and liabilities denominated in non-functional currencies on the reporting date are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 4,934	30.735	151,646	4,903	30.708	150,561
<u>Financial liabilities</u>						
<u>Monetary items</u>						

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

USD	204	30.735	6,270	34	30.708	1,044
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B. Sensitivity analysis

The Company's exchange rate risk mainly comes from the cash, cash equivalents and accounts receivable (payable) (including related parties) which are denominated in foreign currencies, with the resulting foreign currency exchange gains and losses. In 2023 and 2022, when the NTD depreciated/appreciated 1% against USD, and all other factors The pre-tax net profit for the year would have increased/decreased by NTD 1,454 thousand and NTD 1,495 thousand, respectively. The analysis of two terms is based on the same basis.

(XX) Capital management

Based on the characteristics of the existing industry and future development of the Company, and taking into account factors such as changes in the external environment At the same time, it also takes into account the interests of other stakeholders and maintains an optimal capital structure to enhance shareholders' value in the long run.

(XXI) Investment and financing activities of non-cash transactions

1. Please refer to Note 6(7) for the right-of-use assets acquired by lease in 2023 and 2022.
2. The adjustment of liabilities from financing activities is as follows:

	2023.1.1	Cash flow	Changes in leases	2023.12.31
Lease liabilities	\$ 19,001	(18,938)	-	63
Guarantee deposits received	2,476	370	-	2,846
Total liabilities from financing activities	\$ 21,477	(18,568)	-	2,909

	2022.1.1	Cash flow	Changes in leases	2022.12.31
Lease liabilities	\$ 12,550	(18,452)	24,903	19,001
Guarantee deposits received	2,432	44	-	2,476
Total liabilities from financing activities	\$ 14,982	(18,408)	24,903	21,477

VII. Transactions with related parties

(I) Parent company and ultimate controller

The parent company of the Company is Acer BeingWare Holding Inc., which held 63.46% of the outstanding common shares of the Company as of December 31, 2023 and 2022. In addition, Acer Incorporated (AI) is the ultimate controller of the Group. AI has prepared consolidated financial statements for public use.

(II) Names of related parties and their relationships

During the period covered by the parent company only financial statements, the subsidiaries of the Company and other related parties with the Company are as follows:

Name of related party	Relationship with the Company
Acer Incorporated (AI)	The ultimate controller of the group to which the Company belongs

**Notes to the parent company only financial statements of ACER E-ENABLING SERVICE
BUSINESS INC. (continued)**

Acer BeingWare Holding Inc. (ABH)	Parent company of the Company
Acer e-Enabling Service Business (Shang-Hai) Ltd.	Subsidiary of the Company (Note 1)
Datasitter Information Service Inc.	Affiliated enterprise (Note 2)
Acerpure Inc. (ACERPURE)	Other related party (a subsidiary of AI)
Acer Medical Inc. (AMED)	Other related party (a subsidiary of AI)
Acer Gadget Inc. (Acer Gadget)	Other related party (a subsidiary of AI)
Aopen Inc. (AOPEN)	Other related party (a subsidiary of AI)
Acer AI Cloud Inc. (AIC)	Other related party (a subsidiary of AI)
Acer Cyber Security Incorporated (Acer Cyber Security)	Other related party (a subsidiary of AI)
Weblink International Inc. (Weblink)	Other related party (a subsidiary of AI)
Acer Being Communication Inc. (ABC)	Other related party (a subsidiary of AI)
Acer ITS Inc. (ITS)	Other related party (a subsidiary of AI)
Acer Synergy Tech Corp. (AST)	Other related party (a subsidiary of AI)
Acer e-Enabling Data Center Incorporated (EDC)	Other related party (a subsidiary of AI)
Acer Third Wave Software (Beijing) Co. Ltd	Other related party (a subsidiary of AI)
Highpoint Service Network Corporation (HSNC)	Other related party (a subsidiary of AI)
Aspire Service & Development Inc. (ASDI)	Other related party (a subsidiary of AI)
Acer Gaming Inc. (AGM)	Other related party (a subsidiary of AI)
Acer Synergy Manpower Corp. (ASM)	Other related party (a subsidiary of AI)
Shine Passion Engineering Co., Ltd (SPE)	Other related party (a subsidiary of AI)
Bluechip Infotech Incorporated	Other related party (a subsidiary of AI)
Angel Filtration Products Corp.	Other related party (related to AI)
Ecom Software Inc.	Other related party (related to AI)
Ambi Arts Inc.	Other related party (the chairman of the parent company and the director of the Company are first degree relatives)

Note 1: The Company was established in June 2023 with capital contribution.

Note 2: The Company acquired 20% of the shares of DATASITTER INFORMATION SERVICE INC. on October 20, 2022 and has significant influence over the Company. Therefore, he/she became a related party of the Company from that date.

(III) Significant transactions with related parties:

1. Operating revenue

The Company's sales amount to related parties is as follows:

	2023	2022
The ultimate controller	\$ 143,197	157,280
Subsidiary	7,575	-
Affiliated enterprise	483	-
Other related party	66,975	87,834
	\$ 218,230	245,114

The Company's selling prices and transaction conditions to the above-mentioned related parties are not significantly different from ordinary transactions, except that there is no ordinary transaction price for comparison due to the different specifications of some products.

2. Procurement

The amount of the Company's purchases to related parties is as follows:

	2023	2022
The ultimate controller	\$ 7,195	7,716
Affiliated enterprise	60,367	30,608
Other related party	348,674	264,886
	\$ 416,236	303,210

The Company's purchase prices from related parties are based on general purchase terms and there is no significant difference from general suppliers, except that due to the different specifications of some products, there is no general transaction price to compare.

3. Operating costs and expenses

The Company's operating costs and expenses incurred as a result of the related parties providing management services, project manpower support, system maintenance and system development and design services are as follows:

Category of related		2023	2022
Title	party		
Operating cost	The ultimate controller	\$ 87	53
Operating cost	Other related party	9,736	10,763
Operating expenses	The ultimate controller	13,488	15,343
Operating expenses	Other related party	1,411	1,805
		\$ 24,722	27,964

4. Leases

The Company leased offices from ACER at a rent based on the rent prices in the neighborhood. The total amount of right-of-use assets and lease liabilities added in 2022 was NTD 28,294 thousand. Interest expenses of NTD 60 thousand and NTD 106 thousand were recognized in 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities were NTD 0 and NTD 17,716 thousand, respectively.

The Company leases offices and other assets from ACER. These leases are short-term leases or low-value lease assets, and the Company chooses to waive the recognition requirements and does not recognize its related right-of-use assets and lease liabilities. The rent expense for 2023

and 2012 was NTD 3,719 thousand and NTD 327 thousand, respectively. As of December 31, 2023 and 2022, the relevant payables are listed under other payables.

5. Receivables from related parties

In summary, the Company's receivables from related parties are as follows:

Title	Category of related party	2023.12.31	2022.12.31
Accounts receivable - Related parties	The ultimate controller	\$ 33,355	24,289
Accounts receivable - Related parties	Subsidiary	5,390	-
Accounts receivable - Related parties	Affiliated enterprise	58	-
Accounts receivable - Related parties	Other related party	9,544	23,325
Contract assets	The ultimate controller	-	1,905
Contract assets	Other related party	799	1,121
		\$ 49,146	50,640

6. Pension liabilities receivable transferred from employees

Due to the transfer of employees between affiliated enterprises, the Company continues to receive employees' prior years of service under the defined benefit plan of the original affiliated enterprise and transfers their employee pension liabilities to the Company. The amounts of pension liabilities receivable transferred from employees as of December 31, 2023 and 2022 are as follows:

Title	Category of related party	2023.12.31	2022.12.31
Other receivables - Related parties	The ultimate controller	\$ -	4,500

7. Payables to related parties

In summary, the Company's payable accounts-related parties are stated as follows:

Title	Category of related party	2023.12.31	2022.12.31
Accounts payable - related parties	The ultimate controller	\$ 3,436	1,747
Accounts payable - related parties	Affiliated enterprise	21,847	32,138
Accounts payable - related parties	Other related party	92,089	69,835
Other payables - related parties	The ultimate controller	7,959	10,612
Other payables - related parties	Other related party	2	2
Lease liabilities - current	The ultimate controller	-	17,716
		\$ 125,333	132,050

8. Contract liabilities

The Company has collected contractual consideration from the related parties, but has not yet transferred the goods or services to the related parties. The details of the contractual liabilities are as follows:

Title	Category of related party	2023.12.31	2022.12.31
Contract liabilities	The ultimate controller	\$ 21,257	20,812

Contract liabilities	Other related party	13,356	17,056
		<u>\$ 34,613</u>	<u>37,868</u>

9. Property transactions

The Company purchased other equipment and intangible assets from ACER and other related parties in 2023 for NTD 682 thousand. As of December 31, 2023, the relevant payables were booked in other Accounts payable.

(IV) Remuneration to key management personnel

	2023	2022
Short-term employee benefits	\$ 28,365	27,439
Post-employment benefits	432	486
	<u>\$ 28,797</u>	<u>27,925</u>

VIII. Pledged assets: None.

IX. Significant contingent liabilities and unrecognized contractual commitments

In response to the Company's operational needs, the Company originally expected to lease an office building under construction from Liberty International Co., Ltd. The Board of Directors resolved to change the original plan to purchase office buildings and signed a purchase contract on January 3, 2024 for a total amount of NTD 1,805,770 thousand. The expected delivery date is 2024 Q1.

X. Losses from major disasters: None.

XI. Material events after the period: None.

XII. Others

(I) Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By nature	2023			2022		
	Attributed to business operation costs	Attributed to business operation expenses	Total	Attributed to business operation costs	Attributed to business operation expenses	Total
Employee benefit expense						
Salary expenses	141,861	277,660	419,521	147,128	290,717	437,845
Labor and national health insurance expenses	9,983	20,316	30,299	9,805	18,777	28,582
Pension expense	6,151	12,147	18,298	5,624	10,561	16,185
Remuneration to directors	-	2,083	2,083	-	1,505	1,505
Other employee benefit expenses	6,114	15,661	21,775	6,421	15,304	21,725
Depreciation expense	-	20,402	20,402	399	23,620	24,019
Amortization expense	33	5,804	5,837	80	7,516	7,596

Additional information on the number of employees and employee benefit expenses as of 2023 and 2022 is as follows:

	2023	2022
Number of employees	<u>316</u>	<u>307</u>
Number of Directors who are not also employees	<u>7</u>	<u>7</u>
Average employee benefit expense	<u>\$ 1,585</u>	<u>1,681</u>
Average employee salaries and wages	<u>\$ 1,358</u>	<u>1,459</u>
Average adjustment to employee salaries	<u>(6.92)%</u>	<u>14.88%</u>
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The Company's remuneration policy (including directors, supervisors, managers and employees) is as follows:

The Company's directors' remuneration and supervisor's remuneration are established in accordance with the Articles of Incorporation and the authorization of the "Directors' and Supervisors' Remuneration Principles" and "Regulations Governing the Remuneration of Directors, Supervisors and Managers," and take into account the Company's operating conditions and profits. The manager's remuneration is evaluated and handled in accordance with the "Regulations Governing the Remuneration of Directors, Supervisors and Managers," which takes into account the Company's profitability and individual performance; the employee remuneration is based on the "Regulations Governing Remunerations," which evaluate and handle payments based on market remunerations levels and individual performance.

XIII. Disclosures in Notes

(I) Information on significant transactions

The significant transactions to be disclosed by the Company in 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loaning of funds to others: None.
2. Endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: NTD Thousand/Thousand shares

Shareholdings by the Company	Securities Type and name	Relationship with the issuer of securities	Title	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value /Net worth	
The Company	Preferred Stock B of SKFH	-	Financial assets measured at fair value through other comprehensive income - non-current	666	19,081	0.30%	19,081	-
The Company	Ambi Arts Inc.	Other related party	Financial assets measured at fair value through other comprehensive income - non-current	180	1,019	18.00%	1,019	-

4. Cumulative amount of the same securities purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of acquisition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
7. The purchase or sale with related parties for an amount over NTD 100 million or 20% of the paid-in capital:

Unit: NTD thousand

Purchases and sales of the Company	Counterparty of the transaction	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (sales)	Amount	Proportion to total purchase (sales)	Credit period	Price per unit	Credit period	Balance	Proportion to total notes receivable (payable)	
The Company	ACER	Parent and Subsidiary	Sales	(143,197)	(1.90) %	EM 30	(Note 1)	(Note 3)	33,355	1.52%	-
The Company	Weblink	Other related party	Purchase	314,985	5.18 %	EM 60	(Note 2)	(Note 3)	(82,250)	(6.93)%	-

(Note 1): The price of the Company's sales to the related parties and the terms of the transaction are not significantly different from the general sale, except that there is no general transaction price comparison due to the different specifications of some products.

(Note 2): The Company's purchase price and transaction conditions from the related party are not significantly different from those of the general manufacturers, except that there is no general transaction price comparison due to the different specifications of some products.

(Note 3): No significant difference from general transactions.

8. Receivables from related parties reaching NTD 100 million or more than 20% of the paid-in

capital: None.

9. Engagement in derivative transactions: None.

(II) Information on the reinvestment business:

Unit: Thousand shares/NTD thousand

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Shares held at end of period			Current profit (loss) of investee	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Datasitter Information Service Inc.	Taiwan	Wholesale of computer software packages	10,125	10,125	675	20.00%	9,738	4,215	843	

(III) Information on investments in Mainland China:

1. The name and main business items of the invested company in Mainland China:

Unit: USD thousand/NTD thousand

Name of investee company in Mainland China	Main business items	Paid-up capital	Investment method	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the beginning of current period	Current profit (loss) of investee	The Company's shareholding ratio in direct or indirect investments	Investment gains and losses recognized in the current period (Note 1)	Book value of investment at the end of the period	Repatriated investment income up to the current period
					O/R	Return						
Acer e-Enabling Service Business (Shang-Hai) Ltd.	Sales of Information Software and Information Consulting Services	46,103 (USD1,500)	(Note 2)	-	46,103 (USD1,500)	-	46,103 (USD1,500)	(458) (USD15)	100.00%	(458) (USD15)	45,721 (USD1,488)	-

Note 1: Already eliminated when the consolidated financial statements were prepared.

Note 2: Direct investment in Mainland China companies.

Note 3: Based on the exchange rate USD:NTD = 1:30.735 on December 31, 2023.

2. Limits on investment in Mainland China:

Unit: USD thousand/NTD thousand

Company Name	Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 4)
-	46,103 (USD 1,500)	99,205 (USD 3,000)	1,177,496

Note: Based on the exchange rate USD:NTD = 1:30.735 on December 31, 2023.

3. Significant transactions with investee companies in Mainland China:

For the Company's significant transactions with investee companies in Mainland China in 2023, either directly or indirectly, please refer to the description of "Information on Significant Transactions."

(IV) Information of major shareholders:

Name of major shareholder	Shareholding	Number of shares held	Shareholding ratio
ACER BEINGWARE HOLDING INC.		26,304,000	63.46%

XIV. Operating Segments

Please refer to the 2023 consolidated financial statements.

ACER E-ENABLING SERVICE BUSINESS INC.
Statement of Cash and Cash Equivalents
December 31, 2023

Unit: NTD thousand

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Demand deposits and checking deposits	Note 1	\$ 1,814,019
Time deposits (original maturity date within 3 months)		<u>900,000</u>
		<u>\$ 2,714,019</u>

Note 1: Including USD 4,934 thousand, based on the exchange rate USD:NTD=1:30.735

Statement of Contract Assets

<u>Customer name</u>	<u>Amount</u>
Customer A	\$ 34,546
Customer B	10,147
Customer C	7,419
Customer D	6,400
Others (the amount of individual client dose not exceed 5% of the account balance)	<u>35,697</u>
	<u>\$ 94,209</u>

ACER E-ENABLING SERVICE BUSINESS INC.
Statement of Notes and Accounts Receivable
December 31, 2023

Unit: NTD thousand

Customer name	Amount
Customer A	\$ 222,810
Customer B	146,964
Notes receivable (the amount of individual client dose not exceed 5% of the account balance)	9,916
Others (the amount of individual client dose not exceed 5% of the account balance)	1,778,059
Less: Allowance for bad debt	<u>(10,561)</u>
	<u>\$ 2,147,188</u>

Statement of Inventories

Item	Amount		Remarks
	Carrying amount	Net realizable value	
Merchandise inventory	<u>\$ 292,073</u>	<u>354,320</u>	Market value at net realizable value

**ACER E-ENABLING SERVICE BUSINESS
INC.**

**Statement of Changes in Financial Assets at
FVTOCI - Non-current**

January 1, 2023 to December 31, 2023

Unit: NTD

Thousand/Thousand shares

	Beginning Balance		Addition		Decrease		Unrealized Valuation profit (loss)	Ending Balance		Guarantee or pledge	Remarks
	Shares	Fair value	Shares	Amount	Shares	Amount		Shares	Fair value		
Preferred Stock B of SKFH	666	\$ 23,909	-	-	-	-	(4,828)	666	19,081	None	-
Ambi Arts Inc.	180	983	-	-	-	-	36	180	1,019	None	-
		<u>\$ 24,892</u>		<u>-</u>		<u>-</u>	<u>(4,792)</u>		<u>20,100</u>		

ACER E-ENABLING SERVICE BUSINESS INC.
Statement of Changes in Investment Using Equity Method
January 1, 2023 to December 31, 2023

Unit: NTD thousand

Name of investee	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Other</u>	<u>Exchange</u>	<u>Income (loss)</u>	<u>Unrealized</u>	<u>Ending Balance</u>			<u>Net equity</u>		
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>comprehensive</u> <u>income (loss)</u> <u>of subsidiaries</u> <u>accounted for</u> <u>using the</u> <u>equity method</u>	<u>differences on</u> <u>translation of</u> <u>foreign</u> <u>financial</u> <u>statements</u>	<u>of</u> <u>subsidiaries</u> <u>accounted for</u> <u>using the</u> <u>equity</u> <u>method</u>		<u>Shares</u>	<u>Share-</u> <u>holding</u> <u>ratio</u>	<u>Amount</u>	<u>Unit price</u> <u>(NTD)</u>	<u>Total price</u>	<u>Guarantee</u> <u>or pledge</u>
Datasitter Information Service Inc.	675,000	\$ 10,785	-	-	-	(1,890)	-	843	-	-	675,000	20.00%	9,738	14.43	9,738	None
Acer e-Enabling Service Business (Shang-Hai) Ltd.	-	-	-	46,163	-	-	-	(458)	29	(13)	-	100.00%	45,721	-	45,721	None
		<u>\$ 10,785</u>		<u>46,163</u>		<u>(1,890)</u>	<u>-</u>	<u>385</u>	<u>29</u>	<u>(13)</u>			<u>55,459</u>		<u>55,459</u>	

ACER E-ENABLING SERVICE BUSINESS INC.**Statement of refundable deposits****December 31, 2023****Unit: NTD thousand**

Item	Amount
Bidding deposits and performance bonds	\$ 187,342
Housing deposit	85
	\$ 187,427

Statement of Notes and Accounts Payable

Vendor Name	Amount
Vendor A	\$ 710,577
Vendor B	98,413
Vendor C	82,938
Others (the amount of individual client does not exceed 5% of the account balance)	177,429
	\$ 1,069,357

Statement of other payables

Item	Amount
Salaries and bonuses payable	\$ 190,725
Payable expenses	93,050
Employee benefits payable	40,211
Business tax payable	31,421
Others (the amount of individual client does not exceed 5% of the account balance)	76,796
	\$ 432,203

ACER E-ENABLING SERVICE BUSINESS INC.**Statement of Contract Liabilities****December 31, 2023****Unit: NTD thousand**

Customer name	Amount
Customer No.1	\$ 274,701
Customer No. 2	231,264
Others (the amount of individual client does not exceed 5% of the account balance)	<u>1,270,552</u>
	<u>\$ 1,776,517</u>

Statement of Operating Cost
January 1, 2023 to December 31, 2023**Unit: NTD thousand**

Item	Amount
Merchandise, beginning of period	\$ 447,553
Add: Purchase of the current period	6,080,459
Less: Merchandise of the ending period	299,179
Cost of purchases and sales	6,228,833
Cost of labor services	165,866
Other operating costs	104,859
Gain on reversal of decline in value of inventories	<u>(1,641)</u>
Cost of goods sold	<u>\$ 6,497,917</u>

ACER E-ENABLING SERVICE BUSINESS INC.

Statement of Operating Expenses

January 1, 2023 to December 31, 2023

Unit: NTD thousand

Item	Selling expenses	General and administrative expenses	Research and development expenses
Wages and salaries	\$ 181,663	45,143	50,854
Labor service expense	5,664	8,103	83
Depreciation	17,033	3,369	-
Labor and health expenses	13,408	3,227	3,681
Pension	8,194	2,096	1,857
Amortization and appropriation	2,970	2,498	336
Other expenses	54,124	12,516	3,296
	\$ 283,056	76,952	60,107

Accounts receivable - Related parties and other receivables - For a detailed statement of related parties, please see note 7 to the parent company only financial statements

For details of changes in property, plant and equipment, please refer to Note 6(6) to the parent company only financial statements

Please refer to Note 6(7) to the parent company only financial statements for details of changes in right-of-use assets

Please refer to Note 6(8) to the parent company only financial statements for details of changes in intangible assets

Accounts payable - Related parties and other payables - For a detailed statement of related parties, please see note 7 to the parent company only financial statements

Please refer to Note 6(11) to the parent company only financial statements for details of deferred income tax assets

Please refer to Note 6(15) to the parent company only financial statements for details of operating revenue

Please refer to Note 6(17) to the parent company only financial statements for details of interest income.

Please refer to Note 6(17) to the parent company only financial statements for a detailed statement of other gains and losses

Please refer to Note 6(17) to the parent company only financial statements for details of financial costs